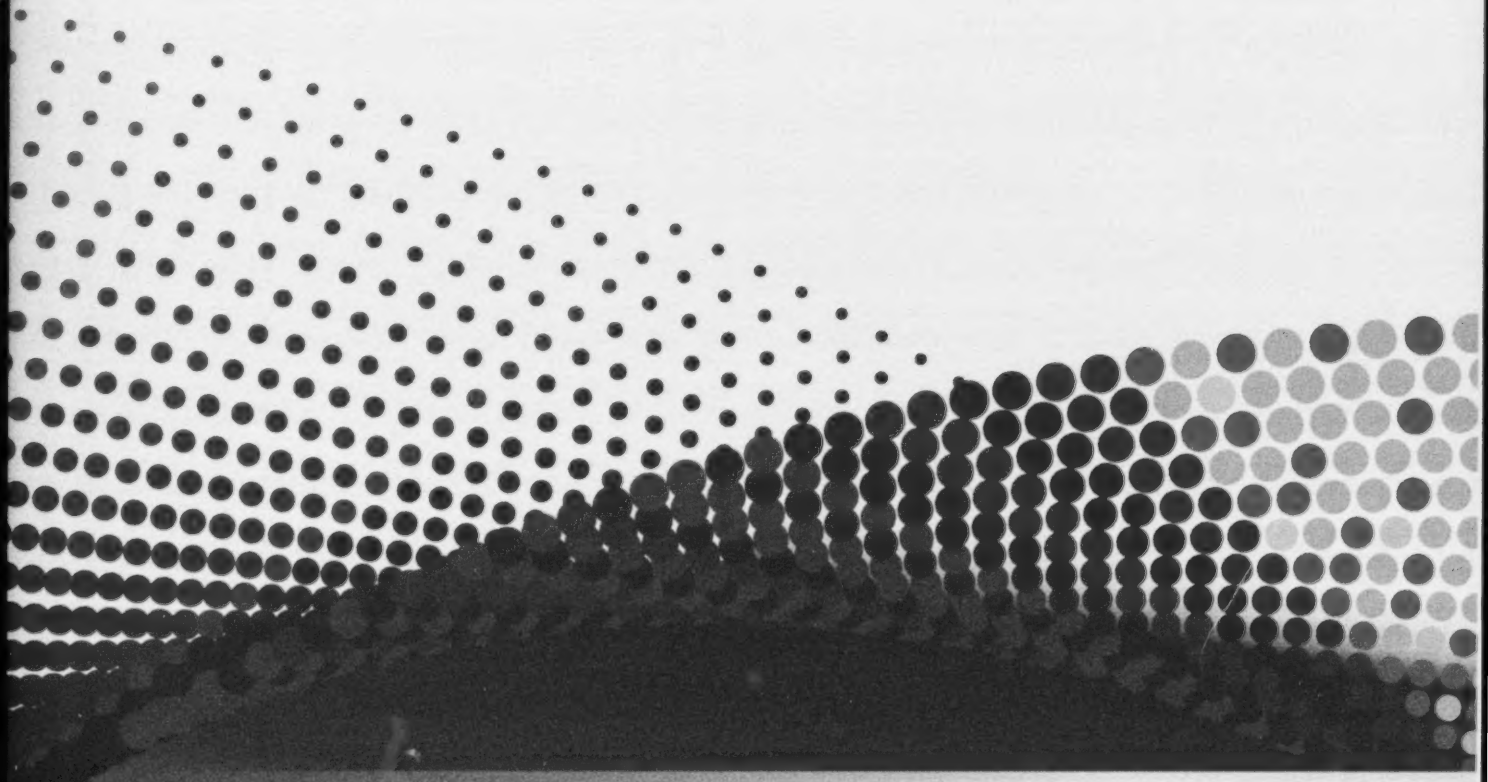
Financial Consumer Agency of Canada
Agence de la consommation en matière financière du Canada

2018–2019 Business Plan[1]

Lucie M.A. Tedesco
Commissioner



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Ce document est aussi disponible en français sous le titre ***Plan d'activités 2018-2019.***

[1] FCAC prepared this business plan consistent with Treasury Board Secretariat requirements for Departmental Plans for Government of Canada departments and agencies. FCAC is not an appropriated organization under the *Financial Administration Act*. FCAC receives funding from the Government of Canada through a statutory expenditure, with the remainder funded by industry assessments.

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Commissioner's message

I am pleased to present to Canadians the 2018–2019 Business Plan, the fourth of my mandate as Commissioner of FCAC. My tenure has coincided with significant innovations in the financial services sector. I expect we will see many more for years to come. Consumers and regulators are operating in a dynamic, constantly changing financial marketplace. Overall, this is a good thing because innovation benefits consumers, gives them more choice and convenience, and fosters competition. At the same time, some advances are stretching the boundaries of consumer protection set out in the laws and regulations the Agency is responsible for enforcing.

I am confident that the priorities, strategies and activities outlined in this plan set the Agency on the optimum course to achieve our goals. As stated in the plan, however, we will require an increase in financial and human resources. We must bolster resources for our supervision and enforcement activities, and for the internal services that sustain our organization; this will help the Agency to meet the challenges ahead.

A major initiative for the upcoming year is the implementation of a modernized supervision framework that will lend more rigour and transparency to our supervision work, while enabling us to be more proactive and to produce more predictable outcomes. Originally planned for fiscal year 2017–18, implementation of the framework was delayed until 2018–19, by which time we will be able to leverage the knowledge acquired through our 2017–18 industry review of domestic bank retail sales practices. In keeping with the current financial marketplace, we will also be enhancing our data-analysis capabilities. These will support the new framework, as well as our other monitoring and supervision activities.

Innovation is also an underlying theme in the National Strategy for Financial Literacy—Count me in, Canada—led by Canada's Financial Literacy Leader, Jane Rooney. The strategy is of ever greater importance, as consumers face wide-ranging and complex financial choices and risks, many of which are driven by new technologies and market players. It incorporates behavioural economics research into initiatives to improve the financial well-being of Canadians, and to enrich our understanding of how technology can help consumers with their choices. We will continue to build on research to learn how mobile applications and other technologies can promote and influence behavioural changes.

These and other financial literacy efforts under Jane Rooney's leadership are dependent on collaboration with our stakeholders in government, and private and non-profit organizations. I am especially thankful to members of FCAC's National Steering Committee on Financial Literacy for their ongoing support and contributions to implementing the strategy. Their knowledge, commitment and networks will continue to broaden our impact across the country.

The challenges facing Canadian financial consumers reflect trends in an increasingly interconnected global marketplace. Through our participation in international fora such as FinCoNet and the G20-OECD Task Force on Financial Consumer Protection, we are working with regulators in other jurisdictions to promote robust and effective supervisory standards and practices, thereby enhancing the protection of financial consumers worldwide. This international collaboration also extends FCAC's capacity to monitor trends and emerging issues, and bring home lessons learned elsewhere.

As we implement the strategies in this plan, we are mindful that the Government of Canada committed to modernizing provisions for the financial consumer protection framework, as set out in the Bank Act. Thanks to the agility and resilience demonstrated repeatedly by FCAC employees, I am confident the Agency will effectively support the Minister of Finance in operationalizing any related policy initiatives and legislative changes.

The business plan highlights our major strategic considerations and approaches to supervising federally regulated financial entities and strengthening the financial literacy of Canadians. As such, it provides just a sample of the Agency's work. I am fortunate to have a talented team of dedicated employees who, day in and day out, ensure that FCAC meets all of its commitments and operates as efficiently and productively as possible.

I am proud of FCAC's contributions to Canada's strong, stable, and competitive financial system. Going forward, the Agency will maintain its solid track record for anticipating and assuredly responding to new challenges and opportunities, while continuing to protect and inform Canadian financial consumers.

Lucie M.A. Tedesco
Commissioner

Plans at a glance

FCAC continues to support the government objective of maintaining strong financial consumer protection. The Agency will do so by delivering on the following four strategic priorities:

1. **Strengthen the oversight of the financial sector to better protect financial consumers.**

Through its supervisory activities, FCAC promotes, monitors and enforces the compliance of federally regulated financial entities (FRFEs) with federal consumer provisions, voluntary codes of conduct and public commitments that protect financial consumers and merchants.

The Agency will implement a modernized supervision framework and will pursue activities informed by its review of bank sales practices.

2. **Strengthen the knowledge, skills and confidence of financial consumers to contribute to their financial wellbeing.**

FCAC will continue its national leadership in the development and promotion of initiatives that contribute to the financial wellbeing of consumers.

This objective will be achieved by:

1. continuing to implement the National Strategy for Financial Literacy—Count Me In, Canada
2. offering tools and resources informed by behavioural economics

Specific areas of focus will include savings, household indebtedness, and rights and responsibilities.

3. **Identify, assess, report and act on trends and emerging issues in the financial marketplace.**

The financial marketplace is in continuous evolution. To keep pace, FCAC will focus its efforts on:

- promoting behavioural change
- payment systems
- digital financial services

To this end, FCAC will continue to exercise leadership in Canadian and international consumer protection and financial literacy fora in order to foster and benefit from knowledge and information sharing.

4. Leverage organizational strengths and prepare for the future.

FCAC will increase its agility and resilience. To achieve this, the Agency will:

- adopt change management and leadership development strategies
- ensure a sustainable workplace and organizational model
- adopt a business intelligence strategy and enhance business intelligence tools to support decision-making, information-sharing and research

For more information on the FCAC's plans, priorities and planned results, see the "Planned results" section of this report.

Raison d'être, mandate and role

Raison d'être

FCAC was established to protect consumers by supervising federally regulated financial entities and by strengthening the financial literacy of Canadians.

Mandate and role

FCAC derives its mandate from the Financial Consumer Agency of Canada Act. The Act outlines FCAC's functions, administration and enforcement powers, and lists the sections of federal laws and regulations under its supervision.

The Agency has the following objects as set out in sections 3(2) and 3(3) of the Act:

3(2)

(a) supervise financial institutions and external complaints bodies to determine whether the institution or body is in compliance with

> (i) the consumer provisions applicable to them, and
>
> (ii) the terms and conditions or undertakings with respect to the protection of customers of financial institutions that the Minister imposes or requires, as the case may be, under an Act listed in Schedule 1 and the directions that the Minister imposes under this Act;

(*b*) promote the adoption by financial institutions and external complaints bodies of policies and procedures designed to implement the provisions, terms and conditions, undertakings or directions referred to in paragraph (*a*);

(*b.1*) promote the adoption by financial institutions of policies and procedures designed to implement

> (i) voluntary codes of conduct that are designed to protect the interests of their customers, that are adopted by financial institutions and that are publicly available, and
>
> (ii) any public commitments made by them that are designed to protect the interests of their customers;

(*c*) monitor the implementation of voluntary codes of conduct that are designed to protect the interests of customers of financial institutions, that have been adopted by financial institutions and that are publicly available, and to monitor any public commitments made by financial institutions that are designed to protect the interests of their customers;

(*d*) promote consumer awareness about the obligations of financial institutions and of external complaints bodies under consumer provisions applicable to them and about all matters connected with the protection of consumers of financial products and services;

(*e*) foster, in co-operation with any department, agency or agent corporation of the Government of Canada or of a province, financial institutions and consumers and other organizations, an understanding of financial services and issues relating to financial services;

(*f*) monitor and evaluate trends and emerging issues that may have an impact on consumers of financial products and services; and

(*g*) collaborate and coordinate its activities with stakeholders to contribute to and support initiatives to strengthen the financial literacy of Canadians.

3 (3)

(*a*) supervise payment card network operators to determine whether they are in compliance with the provisions of the Payment Card Networks Act and its regulations;

(*b*) promote the adoption by payment card network operators of policies and procedures designed to implement the provisions of the Payment Card Networks Act and its regulations;

(*c*) monitor the implementation of voluntary codes of conduct that have been adopted by payment card network operators and that are publicly available, and to monitor any public commitments made by them regarding their commercial practices in relation to payment card networks; and

(*d*) promote public awareness about the obligations of payment card network operators under a voluntary code of conduct or under the Payment Card Networks Act.

Operating context: Conditions affecting our work

External conditions

Financial consumer protection landscape: The Government of Canada has made a commitment to modernize the financial consumer protection framework in the Bank Act. The FCAC must be agile and resilient to support the Minister of Finance in operationalizing any policy initiatives or legislative changes.

External stakeholders: FCAC advances its supervision and financial literacy programs by working with and relying on a diverse network of stakeholders across the country. To effectively manage these relationships, the Agency will continue implementing its collaborative framework to manage its reputational risk and will create an internal governance process for approval of projects for which it is either a participant or the lead.

Financial technology: FCAC's protection of financial consumers is influenced by the rapid transformation of the financial services sector. The Agency must increase its capacity to anticipate, understand and respond to the resulting trends and emerging issues, and continue to work in close collaboration with a diverse network of stakeholders to protect and inform consumers.

Internal conditions

Human resources: FCAC's ability to succeed is contingent on having the right people in the right roles, and supporting their development within a sustainable workplace and organizational model.

Data analytics expertise and infrastructure: As a knowledge-based organization, FCAC must leverage data to support consumer protection and financial literacy. Improved data collection, storage and extraction will help enhance the efficiency of decision-making and facilitate information sharing and research activities.

Policy analysis skills: FCAC is increasingly called upon to provide expertise on trends affecting Canadian financial consumers. The Agency will enhance its capacity to deliver in-depth, evidence-based analysis to inform its consumer protection efforts and support government policy discussions.

Key risks that could affect our plans

Risks that could impede the Agency's ability to deliver on its plans arise from changes in market dynamics, including the emergence of financial technology and the increasing complexity of financial products and services. These issues can make it challenging to adequately identify, investigate and address risks to consumer protection. Changing market dynamics can also present difficulties for consumers. FCAC collaborates and coordinates with stakeholders and networks in implementing the national strategy on financial literacy but reliance on their voluntary support can pose challenges for setting objectives and measuring progress. FCAC will rely on the strength of its organizational model and its employees' talent, agility and resilience in addressing these risks.

Key risks to FCAC plans

Risk	Risk response strategy	Link to the Agency's programs	Link to Commissioner's mandate letter commitments
Inability to protect Canadians from risks resulting from changing market dynamics	FCAC will: o continue to strengthen its capacity to research marketplace consumer risk by developing a business intelligence strategy to improve the identification, assessment and monitoring of emerging trends o implement a supervision approach that is more risk-based and proactive and implements learnings from the review of bank sales practices o implement an enforcement division to bolster the rigour and independence of its investigation function	Program 1: Supervision and Promotion	To remain an effective regulator in an evolving environment, FCAC is expected to demonstrate a rigorous, proactive and predictable risk-based compliance program. The supervisory approach must address a comprehensive and more principles-based regime, allowing for greater ability to exercise judgment. Following the review of bank sales practices, FCAC will adjust its own approach in overseeing federal financial consumer protection measures, including proactive and reactive supervision and enforcement.

Risk	Risk response strategy	Link to the Agency's programs	Link to Commissioner's mandate letter commitments
Inability to prepare Canadians for changing market dynamics and successfully deliver on the national strategy for financial literacy, due in part to reliance on external stakeholders	FCAC will: o continue to strengthen its capacity to research marketplace consumer risk by implementing a business intelligence strategy to improve the identification, assessment and monitoring of emerging trends, and raising consumer awareness accordingly o continue to participate in domestic and international financial literacy fora o continue to implement its Collaborative Arrangements Protocol and Procedures to ensure sound, strategic and credible alliances with other organizations o continue to follow its internal governance process for approval of projects for which FCAC is either a participant or the lead	Program 2: Financial Literacy	FCAC is expected to identify, assess, report and act on emerging issues of concern. FCAC will use education and financial literacy tools as well as independent objective messages to make consumers aware of issues and empower them to protect themselves in approaching their financial decisions.

Planned results: What we want to achieve in 2018–19 and beyond

On November 27, 2017, FCAC obtained Treasury Board (TB) Ministers' approval of the Agency's Departmental Results Framework[1] (DRF). FCAC's 2018–19 Business Plan is the Agency's first to reflect the approved DRF, Program Inventories and their respective Departmental Results and Indicators.

FCAC has two approved Core Responsibilities; Supervision of federally regulated financial entities, and Financial Literacy.

Core Responsibility #1: Supervision of federally regulated financial entities	Core Responsibility #2: Financial Literacy
The Financial Consumer Agency of Canada regulates Canada's federal financial institutions such as banks, trust and loan companies, federal credit unions, external complaint bodies and payment card network operators to ensure that consumers' rights are protected. The Agency focuses on ensuring Canadians are aware of their rights and responsibilities when dealing with financial institutions. As a regulator, the Agency oversees financial consumer protections grounded in legislation, regulations, voluntary codes of conduct and public commitments. It uses a risk-based supervisory model to enforce compliance with consumer protection laws. The information the Agency relies on to carry out its compliance activities includes consumer complaints reports, on-site examinations, compliance reviews, research findings on emerging marketplace trends and issues, and	The Financial Consumer Agency of Canada is committed to strengthening the financial knowledge, skills and confidence of Canadians. The Agency provides online content, tools and programs that help educate Canadians so they can make informed financial decisions. The Agency also promotes awareness of all matters related to protecting consumers of financial products and services. Through nationwide coordination and collaboration efforts with stakeholders, including federal and provincial governments, and private and non-profit organizations, the Agency fosters consumer understanding of financial services and related issues, and encourages stakeholders to promote and deliver financial literacy initiatives.

[1] The Treasury Board Secretariat (TBS) Policy on Result came into effect July 1, 2016. The Finance Portfolio departments and agencies, including FCAC, were part of the Wave 2 implementation of the policy.

Core Responsibility #1: Supervision of federally regulated financial entities	Core Responsibility #2: Financial Literacy
input from national and international regulatory counterparts.	

Program Supporting Core Responsibility #1: Supervision of federally regulated financial entities

Description

The Supervision and Promotion Program seeks to ensure federally regulated financial entities comply with federal financial consumer provisions, codes of conduct and public commitments. It also promotes responsible market conduct by communicating the Agency's expectations, conducting research on trends and emerging issues affecting financial consumers, contributing to policy discussions and promoting consumers' rights and responsibilities.

Planning highlights

The Supervision and Promotion program has three principal initiatives for fiscal year 2018–19:

- implement the new supervision framework
- engage in a more comprehensive oversight of regulated entities, including assessing the effectiveness of governance models, controls, policies and procedures designed to protect consumers
- conduct follow-up work as a result of the Agency's bank sales practices review

New supervision framework

The framework describes the principles and processes FCAC will apply in its supervision of FRFEs. This modernized framework clearly sets out FCAC's expectations of regulated entities in meeting their market conduct obligations and strives to strike a balance between reactive and proactive supervision.

As a result of FCAC's review of bank sales practices in 2017–18, the Agency delayed the implementation of its new supervision framework until fiscal year 2018–19. The updated timeline will allow FCAC to fine-tune the new framework, based on the lessons learned from the review.

This principles-based framework introduces both new and improved concepts to allow FCAC to become a more predictable and risk-based regulator. Its implementation will include:

- reviewing the triage and investigation methodologies for compliance cases
- developing new supervisory and enforcement tools
- developing individual FRFE market conduct profiles
- developing internal and external service standards
- developing guidance to assist FRFEs in meeting FCAC expectations

The Agency's new supervision framework will be supported by a technology solution.

FCAC will increase its capacity to identify report and act on trends and emerging issues. Building on existing work, the Agency will assess the impact of financial technologies on its mandate and on the entities it regulates. The program will continue to promote compliance by hosting annual industry sessions and consumer summits, and evolving FCAC's campaign on consumer rights and responsibilities. Finally, the program will engage with the newly created Consumer Protection Advisory Committee to assist the Agency in its work.

A more comprehensive oversight of regulated entities

The Agency will bolster its supervision bench strength to ensure the successful implementation of its new supervision framework and to address the findings from FCAC's bank sales practices review. It also will allow the Supervision and Promotion program to engage in a more comprehensive oversight of regulated entities, including assessing the effectiveness of governance models, controls, policies and procedures designed to protect consumers. With this increase in bench strength, FCAC will conduct more cross-sector reviews similar in design and objective to the review of bank sales practices. This will also buttress FCAC's ability to support the policy development work of the Department of Finance Canada.

Follow-up to the industry review of bank sales practices

The Agency uses industry reviews to monitor the activities of regulated entities; ensure compliance with federal financial consumer protection laws; increase its profile with the general public; support its participation in financial sector policy discussions; and promote consumer awareness of their rights and responsibilities and the risks associated with financial products and services.

In 2017–18, FCAC conducted its most comprehensive industry review, examining the sales practices of Canada's six largest regulated banks. The review focussed on the drivers of market conduct risk, including banks' sales targets and incentive programs and the effectiveness of the controls put in place to mitigate this risk.

The review found that retail banking culture focuses on motivating employees to sell products and services and rewarding them for sales success. This sharp focus on sales can increase the risk of mis-selling, sales misconduct and breaches of market conduct obligations. Existing controls to mitigate risks to consumer protection are inadequate. These risks are higher for certain products (creditor insurance), business practices (cross-selling), and distribution channels (mobile mortgage specialists and third-party sellers).

In 2018–19, FCAC will follow up on this work. It will conduct further research and examine certain risks identified during the review in relation to the broader banking sector and the potential impact on financial consumers. Our current plans include assessments of the effectiveness of governance models, controls, policies and procedures designed to protect consumers, the use of mystery shopping, and industry reviews targeted at certain higher risk products or sales practices.

To effectively implement and operationalize the upcoming changes to its work, the Supervision and Promotion team will add 17 full-time resources in 2018–19.

Budgetary financial resources (in millions of dollars)

2017 18 Forecast spending	2018 19 Planned spending	2019 20 Planned spending	2020 21 Planned spending
3.95	6.17	8.42	9.20

Human resources (full-time equivalents)

2017 18 Planned full time equivalents	2018 19 Planned full time equivalents	2019 20 Planned full time equivalents	2020 21 Planned full time equivalents
27	44	56	60

Information on the FCAC's Program Inventory is available in the TBS InfoBase.

Planned results for the Supervision and Promotion program

Departmental Results	Departmental Result Indicators	Target	Date to achieve target	2014 15 Actual results	2015 16 Actual results	2016 17 Actual results
Federally regulated financial entities are compliant with consumer protection legislation, their public commitments and codes of conduct	Percentage of financial institutions that are aware of the reason for, and nature and outcome of the Financial Consumer Agency of Canada's supervision activities	80%	March 2019	NA[i]	NA[i]	73%
	Percentage of cases of non-compliance where corrective actions (commensurate with the level of non-compliance) are undertaken by the Financial Consumer Agency of Canada	100%	March 2019	NA[ii]	NA[ii]	100%
Canadian consumers are aware of their rights and responsibilities when dealing with financial institutions	Percentage of consumers who are aware of their consumer protection rights and responsibilities	5% increase	March 2019	NA[iii]	NA[iii]	58%
	Number of Canadians reached through consumer rights and responsibilities information	5% increase[iv]	March 2020	NA	NA	NA

[i] *Indicator was first used for 2016–17*

[ii] *New methodology was introduced after 2015–16.*

[iii] *Originally based on a survey conducted every five years. A smaller survey will be fielded annually.*

[iv] *The updated methodology for this indicator is being benchmarked in 2018–19*

Program Supporting Core Responsibility #2: Financial Literacy

Description

The Financial Literacy Program seeks to strengthen the financial knowledge, skills and confidence of Canadians to enhance their ability to make financial decisions. The Agency will lead stakeholders, such as National Steering Committee members and financial literacy networks across Canada in developing and delivering concrete actions designed to integrate financial literacy into initiatives that guide Canadians' financial decisions. Specific efforts will focus on encouraging Canadians to budget, build savings, pay down debt, and choose financial products and services wisely.

Planning highlights

The Financial Literacy program will continue implementing the national strategy for financial literacy, and continue monitoring and reporting on its own initiatives and those of the National Steering Committee. Two of the key areas of focus for the National Steering Committee will continue to be delivering financial literacy in the workplace and strengthening the financial literacy of Indigenous peoples.

FCAC will leverage relationships with organizations across the country to help Canadians improve their financial wellbeing. It will promote awareness of its resources and those of its stakeholders, through the Canadian Financial Literacy Database, the Financial Literacy Newsletter, social media and also through events and campaigns such as Financial Literacy Month.

FCAC will continue to develop and enhance its educational materials aimed at strengthening the financial wellbeing of Canadians. For example, the Financial Literacy program will work to enhance its industry-leading budget calculator tool through the implementation of insights from the field of behavioural economics. The program will also address key findings from the Agency's financial literacy stakeholder engagement survey, which was conducted in fiscal year 2017–18.

FCAC will continue to implement the National Research Plan for Financial Literacy, which helps inform the priorities of the national strategy for financial literacy and provides insight on financial behaviours. The Agency will host an international research symposium to discuss and share research findings.

FCAC will also continue to conduct surveys and undertake behavioural research. It will re-field the financial literacy assessment of the OECD's Programme for International Student Assessment with 15-year-old Canadians in 2018–19 and prepare to re-field Canada's national adult financial literacy survey—the Canadian Financial Capability Survey—in 2019–20.

The Agency's behavioural research efforts will continue to experiment with ways to promote behavioural change through mobile applications and other technologies. For example, FCAC will continue its research through the Carrot Rewards mobile application and the BestLifeRewarded Innovations platform to assess the impact of financial education interventions on financial behaviours.

Budgetary financial resources (in millions of dollars)

2017 18 Forecast spending	2018 19 Planned spending	2019 20 Planned spending	2020 21 Planned spending
6.84	7.70	8.06	7.80

Human resources (full-time equivalents)

2017 18 Planned full time equivalents	2018 19 Planned full time equivalents	2019 20 Planned full time equivalents	2020 21 Planned full time equivalents
35	44	47	47

Information on the FCAC's Program Inventory is available in the TBS InfoBase.

Planned results for the Financial Literacy program

Departmental Results	Departmental Result Indicators	Target	Date to achieve target	2014 15 Actual results	2015 16 Actual results	2016 17 Actual results
Canadians are strengthening their financial knowledge, skills and confidence	Percentage of Canadians who strengthen their financial knowledge	5% increase	March 2020	62%	NA[i]	NA[i]
	Percentage of Canadians who strengthen their financial confidence	5% increase	March 2020	38%	NA[i]	NA[i]
	Percentage of Canadians who adopt desired financial behaviours	5% increase	March 2020	46%	NA[i]	NA[i]
	Percentage of non-budgeters who are confident in their ability to make and follow a budget	5% increase	March 2019	NA[ii]	16%	17%
	Percentage of non-budgeters who begin budgeting	5% increase	March 2019	NA[ii]	14%	23%
	Number of Canadians reached through initiatives supporting the National Strategy for Financial Literacy	See note iii	March 2020	NA[iii]	NA[iii]	NA[iii]

[i] Based on Canadian Financial Capability Survey conducted every 5 years.

[ii] New methodology was introduced after 2014–15.

[iii] The updated methodology for this indicator is being benchmarked in 2018–19; therefore no targets have been set.

Internal services

Description

FCAC's supervision and financial literacy programs are sustained by a solid foundation of sound financial management and by expert advice and services from its communications, legal, human resources, information technology, and administration teams. Working from this foundation, the FCAC's diverse and high-performing workforce is able to deliver on the Agency's priorities.

Planning highlights

The addition of resources triggers a need for increased corporate support specifically in the areas of human resources, facilities/accommodations, information technology, security, access to information support and financial management.

Moreover, FCAC is anticipating an increase in costs related to facilities and accommodations resulting from the planned growth in resources and the expiry of its lease in September of 2019. It has initiated a modernization project that will fully adopt Workplace 2.0 standards and provide for greater collaboration amongst employees, allow for mobility through the renewal of technology, and ensure efficient use of the office space. The majority of the associated costs will be spent in 2019–20.

FCAC is planning to adopt a business intelligence strategy and enhance business intelligence tools to support decision-making, information-sharing and research. The strategy will help the Agency identify and collect data it can trust, and use it to make evidence-based decisions in carrying out its mandate.

Budgetary financial resources (in millions of dollars)

2017 18 Forecast spending	2018 19 Planned spending	2019 20 Planned spending	2020 21 Planned spending
11.12	15.36	16.45	17.10

Human resources (full-time equivalents)

2017 18 Planned full time equivalents	2018 19 Planned full time equivalents	2019 20 Planned full time equivalents	2020 21 Planned full time equivalents
51	70	73	74

Spending and human resources

Over the past fiscal periods presented below, FCAC experienced modest increases in full-time equivalents and spending to keep pace with demand. Increases in spending in fiscal year 2017–18 were mainly due to the creation of a new enforcement division, and the industry review of bank sales practices.

Budgetary planning summary (millions of dollars)

	2015–16 Actual expenses	2016–17 Actual expenses	2017–18 Forecast spending	2018–19 Planned spending	2019–20 Planned spending	2020–21 Planned spending
Supervision of FRFEs	1.98	2.56	3.95	6.17	8.42	9.20
Financial Literacy	5.54	5.33	6.84	7.70	8.06	7.80
Subtotal	**7.52**	**7.89**	**10.79**	**13.87**	**16.48**	**17.00**
Internal services	8.86	9.74	11.12	15.36	16.45	17.10
Total	**16.38**	**17.63**	**21.91**	**29.23**	**32.93**	**34.10**
Capital purchases related to the office modernization project	-	-	-	**0.38**	**6.75**	**0.05**

Note 1: The presentation of actual expenses for prior years has been re-stated to reflect the presentation required under the Policy on Results and they are presented on an accrual basis.

Human resources planning summary (full-time equivalents)

	2015 16 Full time equivalents	2016 17 Full time equivalents	2017 18 Planned full time equivalents	2018 19 Planned full time equivalents	2019 20 Planned full time equivalents	2020 21 Planned full time equivalents
Supervision of FRFEs	17	17	27	44	56	60
Financial Literacy	30	33	35	44	47	47
Subtotal	**47**	**50**	**62**	**88**	**103**	**107**
Internal services	38	39	51	70	73	74
Total	**85**	**89**	**113**	**158**	**176**	**181**

Note 1: The full-time equivalent figures presented above are for approved indeterminate positions at the Agency and do not include any casual, part-time, student or term employees of less than one year.
Note 2: The presentation of full-time equivalents for prior years has been re-stated to reflect the presentation required under the Policy on Results.

Human resources

Resources will increase in 2018–19 to support the implementation of the new supervision framework and a more comprehensive approach to supervision and enforcement work. The planned resources will also support FCAC's efforts related to the federal financial consumer protection framework and the Agency's support of policy development. Slight increases in the consumer education team will also be required to support the development and maintenance of consumer education material. Marketing and communications, a component of internal services, will also see an increase in FTEs as a result of increased media and marketplace exposure following the industry review on bank sales practices and as the Agency supports the federal financial consumer protection framework.

The addition of resources in the areas above will trigger a need for increased corporate support in internal services. FCAC is creating in-house capacity for human resource and finance functions in order to gain operational efficiencies and reduce costs; these functions were historically outsourced to other government departments.

Over the past several years, the Agency has experienced organic growth in its activities, and addressed the level of activity through the addition of temporary and casual personnel. However, the operational risks of this staffing model are no longer sustainable and in 2018–19, the Agency will convert 10 casual and term positions into indeterminate positions, including 7 FTEs in the Financial Literacy team.

Spending

Spending growth in 2018–19 and future years is primarily driven by the growth in resources. A slight rise in spending is presented for Financial Literacy in 2019–20 as FCAC plans to undertake its sixth Financial Literacy Conference and will be re-fielding the Financial Capability Survey.

The capital purchases presented result from the fact that FCAC's leases will expire in September 2019 and from the implementation of an office modernization project which began in fiscal year 2017–18. The modernized office will support greater collaboration amongst employees, allow for mobility through the renewal of technology, and ensure efficient use of office space as the Agency grows.

Future-oriented condensed statement of operations

The future-oriented condensed statement of operations provides a general overview of the FCAC's operations. The forecast of financial information on expenses and revenues is prepared on an accrual accounting basis to strengthen accountability and to improve transparency and financial management.

A more detailed future-oriented statement of operations and associated notes, including a reconciliation of the net cost of operations to the requested authorities, is available on the FCAC website.

Future-oriented condensed statement of operations for the year ended March 31, 2018 (dollars)

	2017 18 Forecast results	2018 19 Planned results	Difference (2018 19 Planned results minus 2017 18 Forecast results)
Total expenses	21,914,114	29,233,299	7,319,185
Total revenues	21,914,114	29,233,299	7,319,185
Net cost of operations before government funding and transfers	0	0	0

Note 1: The statutory expenditures of $5M have been included under total revenues.

Supplementary information

Corporate information

Organizational profile

Commissioner: Lucie M.A. Tedesco

Deputy Commissioner: Brigitte Goulard

Financial Literacy Leader: Jane Rooney

Ministerial portfolio: Finance

Enabling instrument(s): FCAC derives its mandate from the Financial Consumer Agency of Canada Act. The Act outlines FCAC's functions, administration and enforcement powers, and lists the provisions of federal laws and regulations under its supervision.

Year of incorporation/commencement: 2001

Reporting framework

The FCAC's Departmental Results Framework and Program Inventory of record for 2018–19 are shown below:

2018–19 Departmental Results Framework and Program Inventory of record	2017–18 Strategic Outcomes and Program Alignment Architecture of record	Percentage of Program Alignment Architecture program (dollars) corresponding to new program in the Program Inventory
Supervision and Promotion	Supervision and Promotion	100
Financial Literacy	Financial Literacy	100
Internal Services	Internal Services	100

Upcoming internal audits and evaluations

A. Internal audits

No audits have been identified for the 2018–19 to 2020–21 timeframe.

B. Evaluations

Fiscal year (of the planned date for deputy head approval of the evaluation report)	Title of the evaluation	Completion of last evaluation	Link to department's Program Inventory	Planned spending associated with the program(s) evaluated (dollars)
2019–20	Financial Literacy Program Evaluation (Summative)	2012–13 (Formative)	Financial Literacy Program	$100,000

Federal tax expenditures

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures each year in the Report on Federal Tax Expenditures. This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in this report are the responsibility of the Minister of Finance.

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Appendix [A]: definitions

Core Responsibility (responsabilité essentielle)

An enduring function or role performed by a department. The intentions of the department with respect to a Core Responsibility are reflected in one or more related Departmental Results that the department seeks to contribute to or influence.

Departmental Plan (Plan ministériel)

Provides information on the plans and expected performance of appropriated departments over a three-year period. Departmental Plans are tabled in Parliament each spring.

Departmental Result (résultat ministériel)

A Departmental Result represents the change or changes that the department seeks to influence. A Departmental Result is often outside departments' immediate control, but it should be influenced by program-level outcomes.

Departmental Result Indicator (indicateur de résultat ministériel)

A factor or variable that provides a valid and reliable means to measure or describe progress on a Departmental Result.

Departmental Results Framework (cadre ministériel des résultats)

Consists of the department's Core Responsibilities, Departmental Results and Departmental Result Indicators.

Departmental results report (Rapport sur les résultats ministériels)

Provides information on the actual accomplishments against the plans, priorities and expected results set out in the corresponding Departmental Plan.

full-time equivalent (équivalent temps plein)

A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

performance (rendement)

What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

performance reporting (production de rapports sur le rendement)
The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

plans (plan)
The art'culation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities (priorité)
Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program (programme)
A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (architecture d'alignement des programmes)
A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

results (résultat)
An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

Strategic Outcome (résultat stratégique)
A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

target (cible)
A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.